

Montgomery County Response Foreclosures

CountyStat Discussion
October 24, 2008

CountyStat Principles

- **Require Data Driven Performance**
- **Promote Strategic Governance**
- **Increase Government Transparency**
- **Foster a Culture of Accountability**



Agenda

- **Welcome and introductions**
- **Overview of foreclosures in Montgomery County**
 - Assessment of the current state of foreclosures
 - Future outlook on foreclosures
- **County response**
 - Foreclosure prevention
 - Report from Regional Service Center directors
 - Foreclosure hot spots
 - Resulting community impacts
 - Addressing vacant properties & code enforcement
- **Wrap-up and follow-up items**



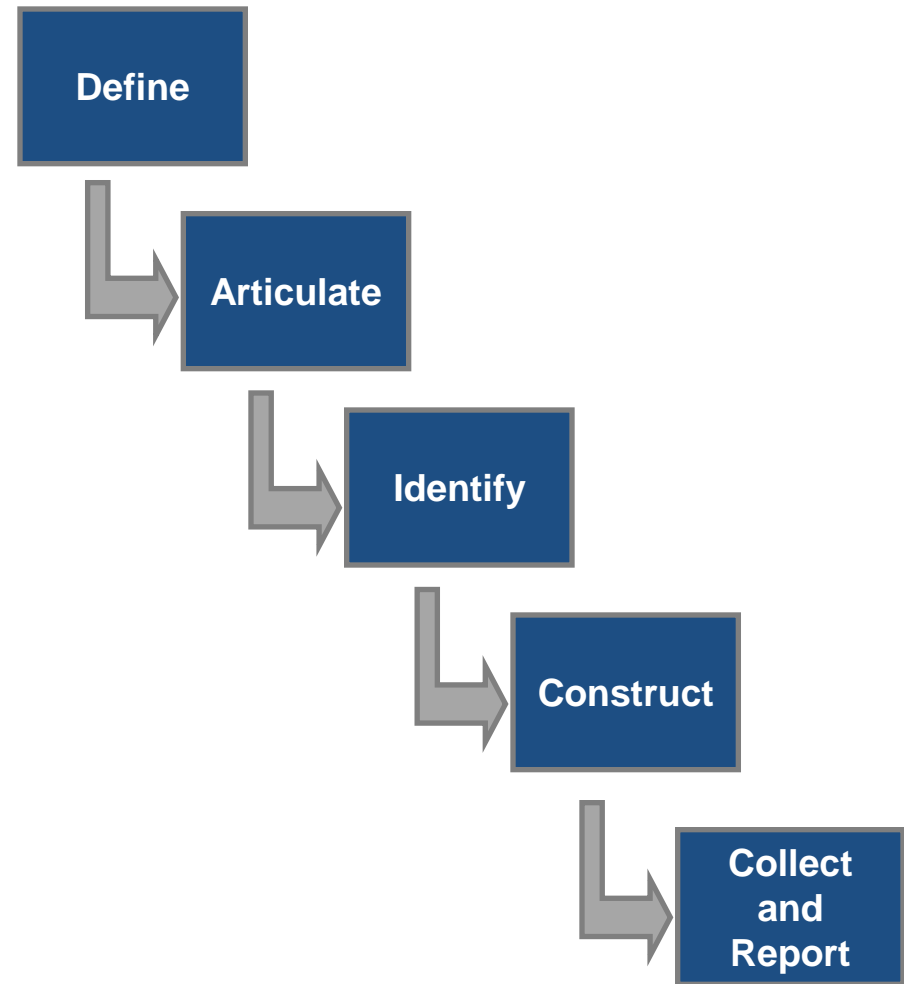
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Overview of Foreclosures in Montgomery County

- Define and assess key aspects of the foreclosure issue in Montgomery County, including current state and future outlook
- Articulate an organizational approach that links overall policies and operational realities
- Identify programs which address each facet of the foreclosure issue
- Construct measures which demonstrate performance
- Collect and report existing data for analysis



Current state of foreclosures in the County

Definitions

- **Total foreclosure reporting encompasses three “foreclosure events”**
 - Notices of default: a notification given to a borrower stating that payments were not made by the predetermined deadline. It dictates that if the money owed is not paid in a given time, the lender may choose to foreclose on the borrower's property
 - Notices of sale/auction: a notification which a lender is usually required to give before foreclosure sale of collateral
 - Lender purchases/Real Estate Owned: when a lender or bank buys the foreclosed property. This is the final action taken against a homeowner in mortgage default

Analysis will focus on notices of sale and lender purchases. These events are the most closely linked to negative community impacts in the County.



Current state of foreclosures in the County

Overview of 2007 and Quarters 1 & 2 2008

	Notices of Default	Notices of Sale	Lender Purchases	Total Events
2007 Q1	103	64	16	183
2007 Q2	466	69	70	605
2007 Q3	527	270	58	855
2007 Q4	556	627	130	1,313
2008 Q1	613	918	117	1,648
2008 Q2	1163	78	76	1,317
Total	3,428	2,026	467	5,921

Note: The total number of events does not equal the total number of properties in the foreclosure process due to the nature of the data provided by the State.

In general, there has been an increasing trend in foreclosure events, except for the 2nd quarter of 2008, which may have been influenced by new State legislation effective during that quarter.



Current state of foreclosures in the County

Overview of Foreclosure Events by Regional Service Area

	Notices of Default	Notices of Sale	Lender Purchases	Total Events
Bethesda	330	188	41	559
East County	401	250	56	707
Mid County	835	473	102	1,410
Silver Spring	206	109	28	343
Up-County	1628	990	236	2,854
Total	3,400	2,010	463	5,873

*These numbers do not represent all foreclosures in the database; 5,873 out of 5,921 were able to be geo-coded and this represents 99% of the foreclosures.

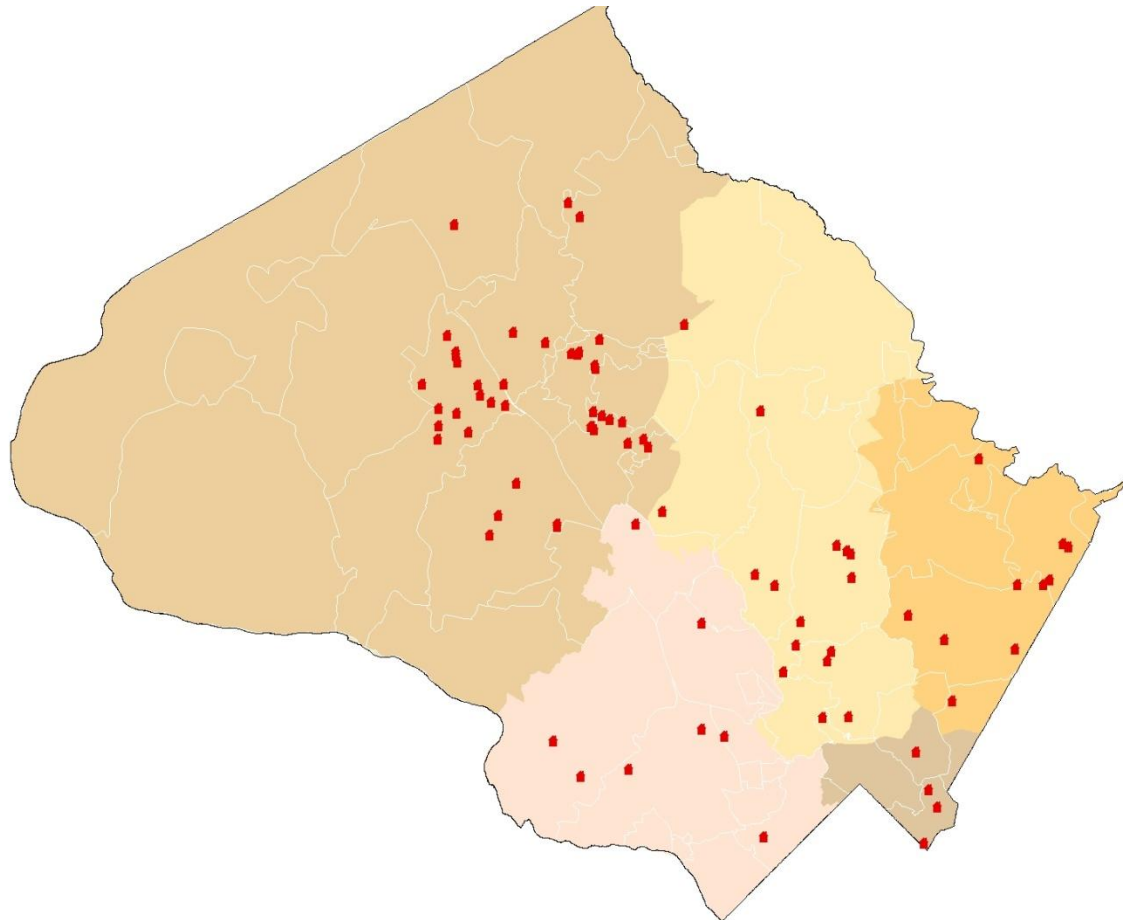
This table displays foreclosure events over 2007 and the 1st and 2nd quarters of 2008 by Regional Service Area.



Current state of foreclosures in the County

1st Quarter 2007

Regional Service Center	Notices of Sales	Lender Purchases
Bethesda	8	0
East County	9	1
Mid County	12	4
Silver Spring	3	1
Up-County	31	10
Total	63	16



Note: Maps display notices of sale and lender purchases

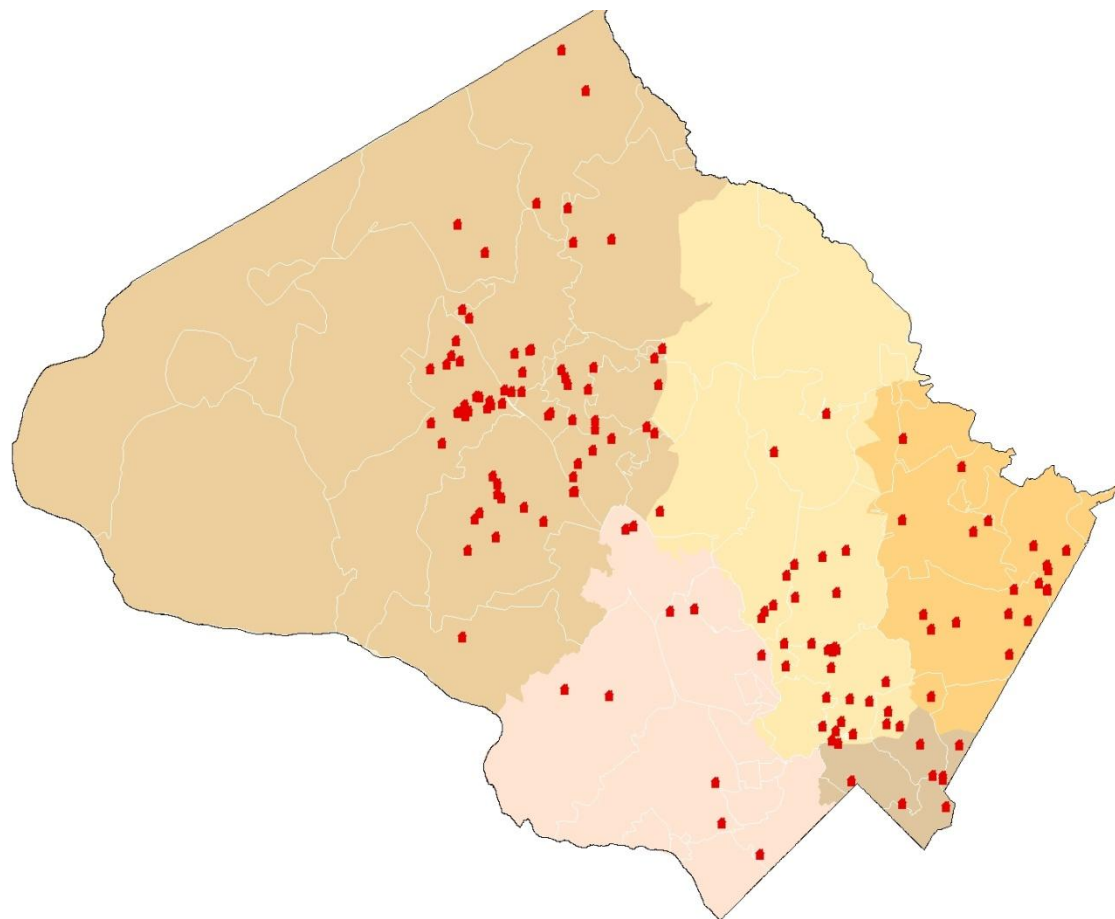
Source: Maryland Department of Housing and Community Development



Current state of foreclosures in the County

2nd Quarter 2007

Regional Service Center	Notices of Sale	Lender Purchases
Bethesda	4	6
East County	13	7
Mid County	20	13
Silver Spring	3	5
Up-County	29	39
Total	69	70



Source: Maryland Department of Housing and Community Development

Foreclosures

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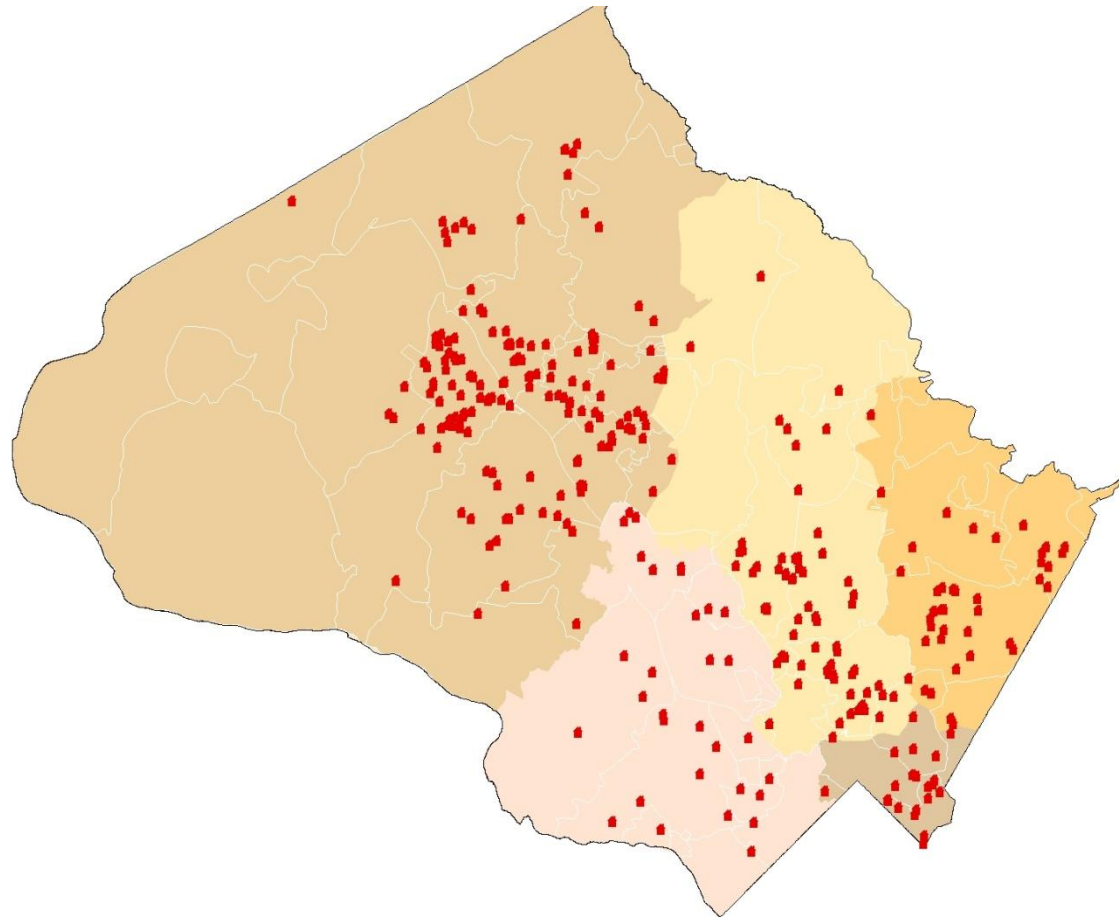
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Current state of foreclosures in the County

3rd Quarter 2007

Regional Service Center	Notices of Sale	Lender Purchases
Bethesda	28	4
East County	29	9
Mid County	56	12
Silver Spring	17	4
Up-County	129	27
Total	259	58



Source: Maryland Department of Housing and Community Development

Foreclosures

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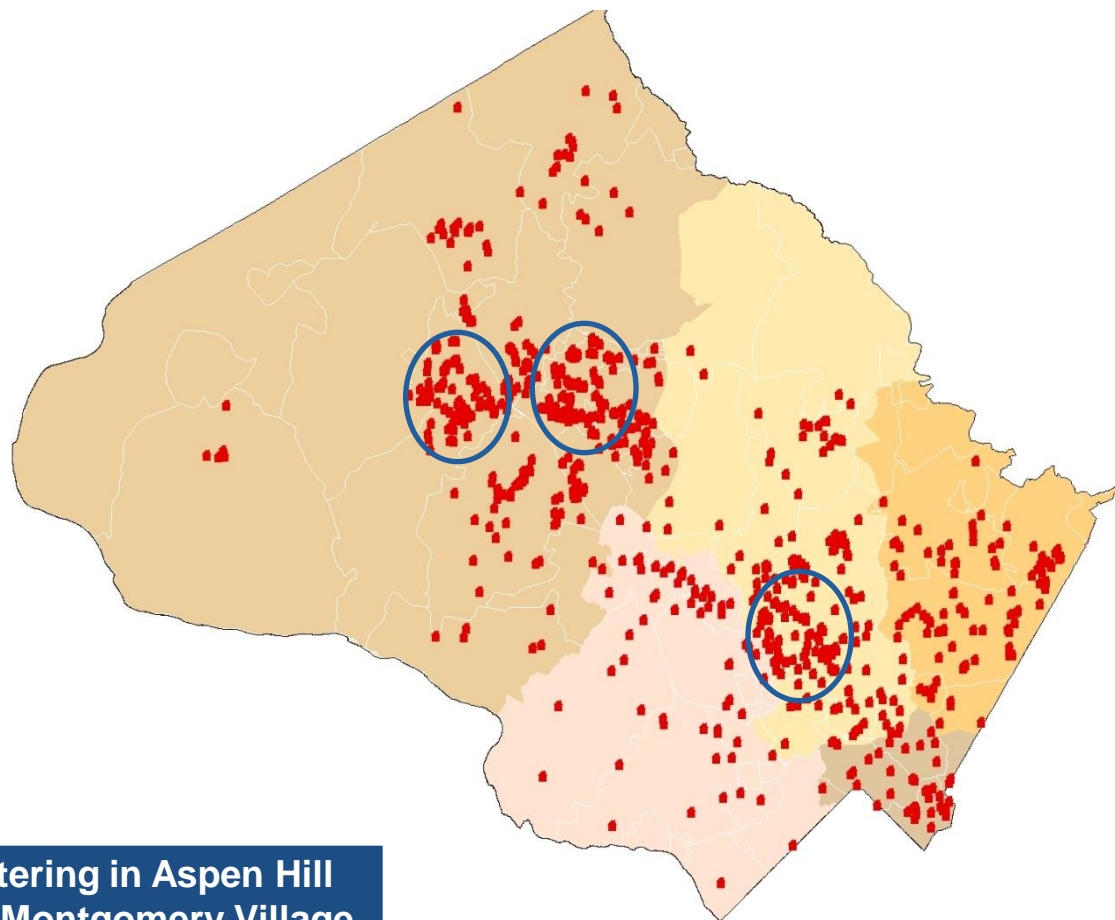
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Current state of foreclosures in the County

4th Quarter 2007

Regional Service Center	Notices of Sale	Lender Purchases
Bethesda	56	12
East County	75	16
Mid County	162	27
Silver Spring	30	10
Up-County	300	63
Total	623	130



This quarter saw significant clustering in Aspen Hill (20906), Germantown(20874), and Montgomery Village (20886). These collectively represent 29% of the overall notices of sale and lender purchases.



Source: Maryland Department of Housing and Community Development

Foreclosures

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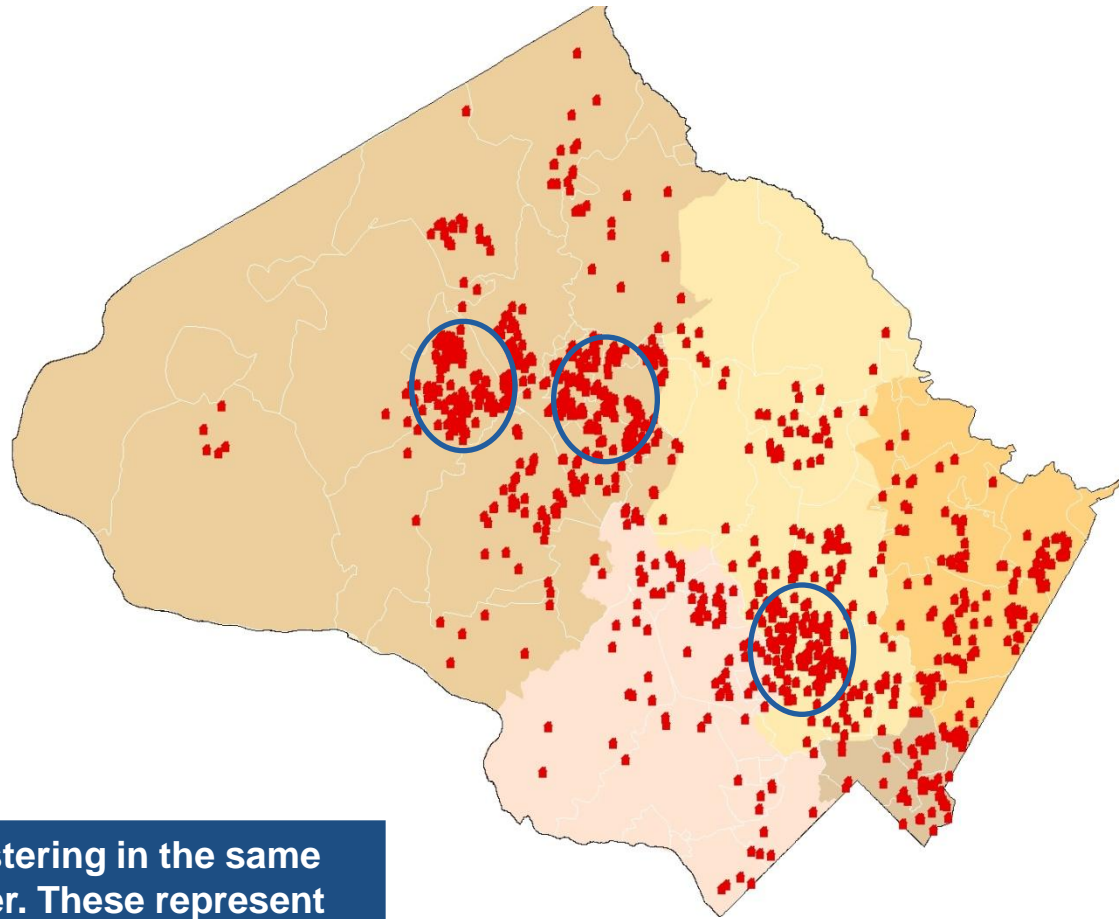
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Current state of foreclosures in the County

1st Quarter 2008

Regional Service Center	Notices of Sale	Lender Purchases
Bethesda	87	13
East County	113	12
Mid County	207	33
Silver Spring	48	5
Up-County	463	54
Total	918	117



This quarter saw increased clustering in the same locations as the previous quarter. These represent 29% of the overall notices of sale and lender purchases.

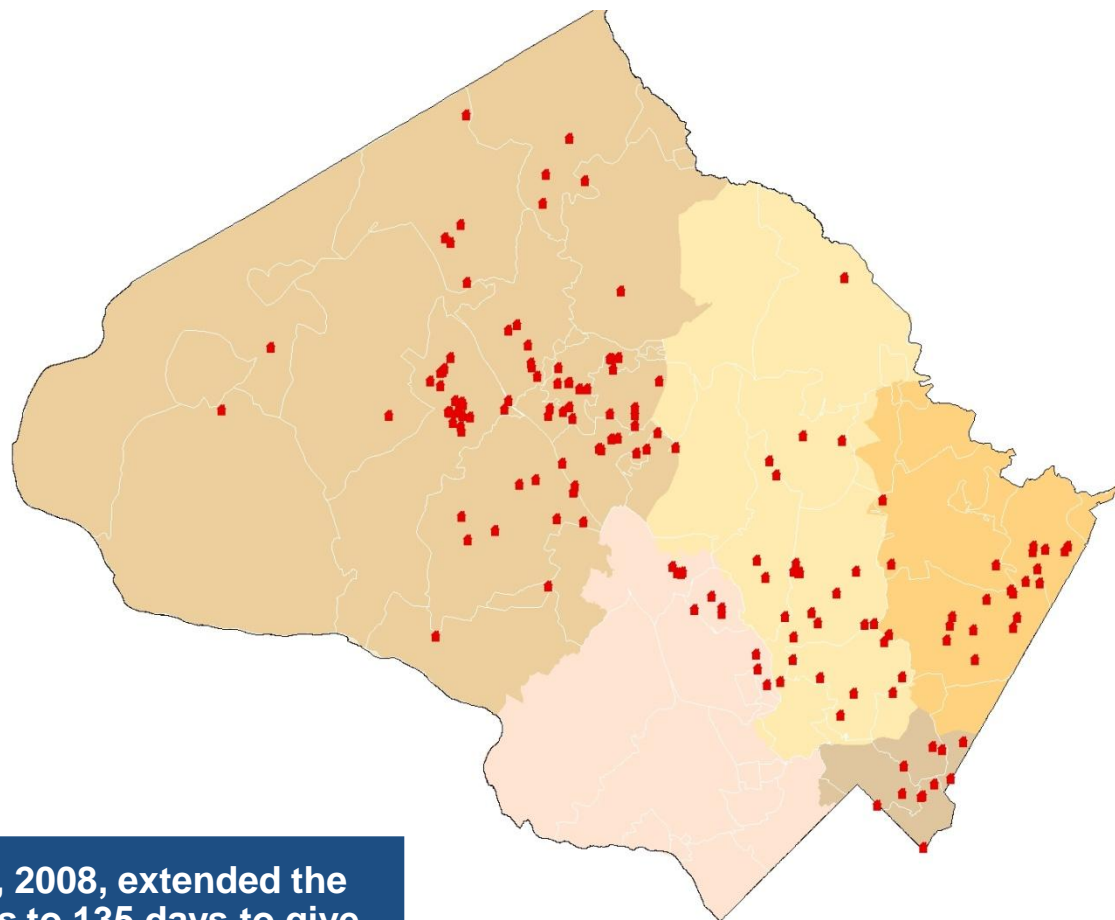


Source: Maryland Department of Housing and Community Development

Current state of foreclosures in the County

2nd Quarter 2008

Regional Service Center	Notices of Sale	Lender Purchases
Bethesda	5	6
East County	11	11
Mid County	16	13
Silver Spring	8	3
Up-County	38	43
Total	78	76



State legislation, effective April 4, 2008, extended the foreclosure period from two weeks to 135 days to give homeowners a greater opportunity to mitigate problems.



Source: Maryland Department of Housing and Community Development

Foreclosures

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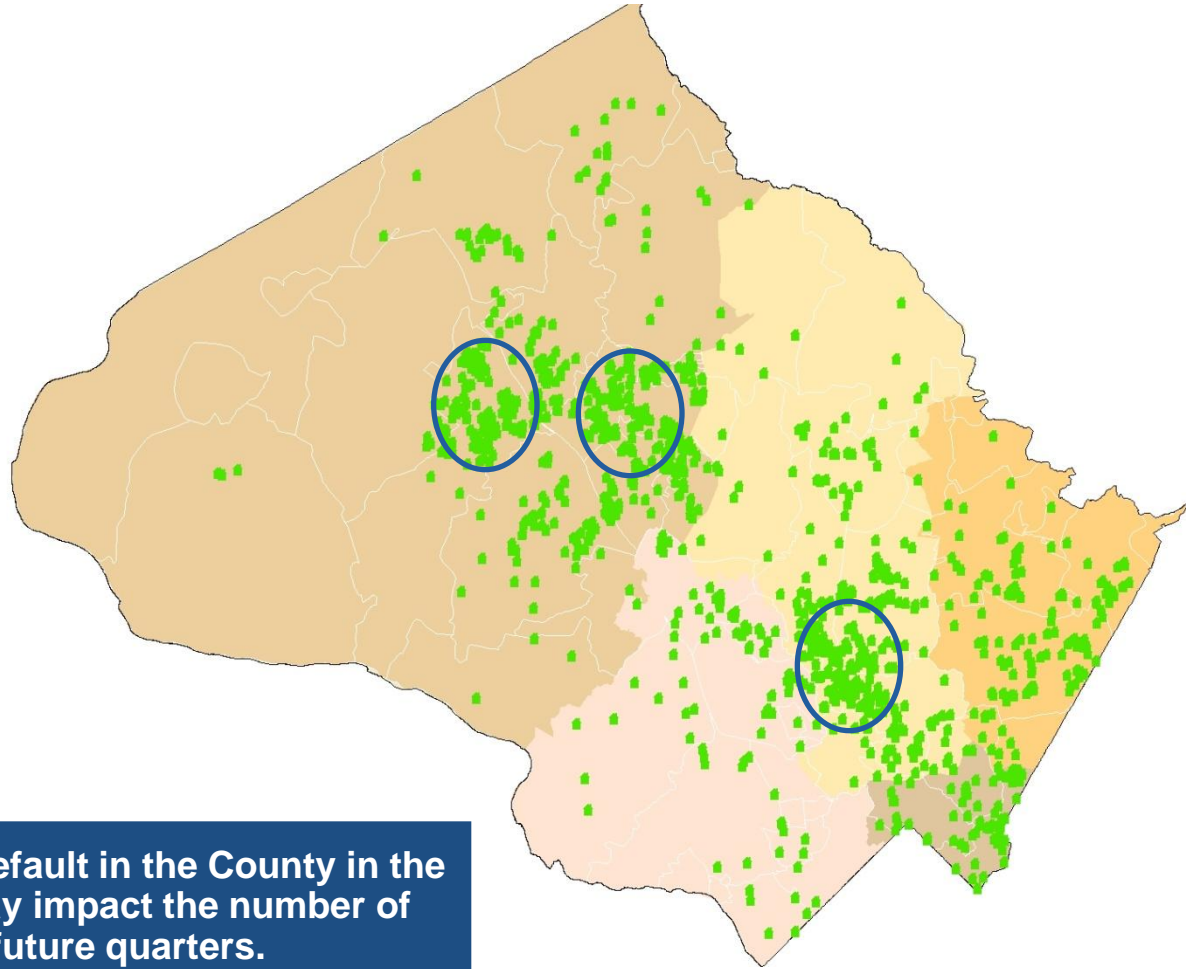
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Current state of foreclosures in the County

Notices of Default, 2nd Quarter 2008

Regional Service Center	Defaults
Bethesda	99
East County	127
Mid County	287
Silver Spring	66
Up-County	584
Total	1,163

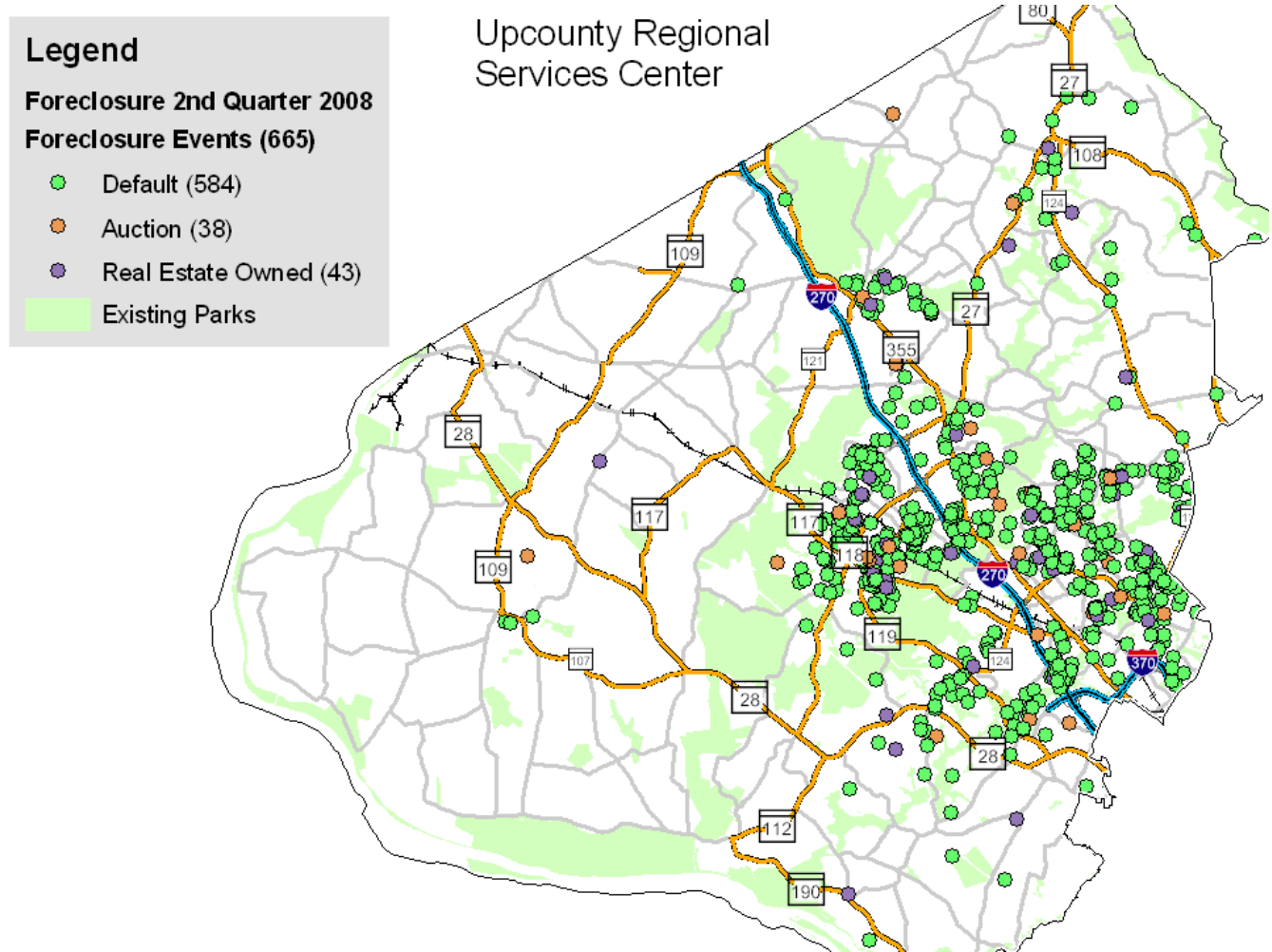


This map displays notices of default in the County in the 2nd quarter of 2008, which may impact the number of lender purchases in future quarters.



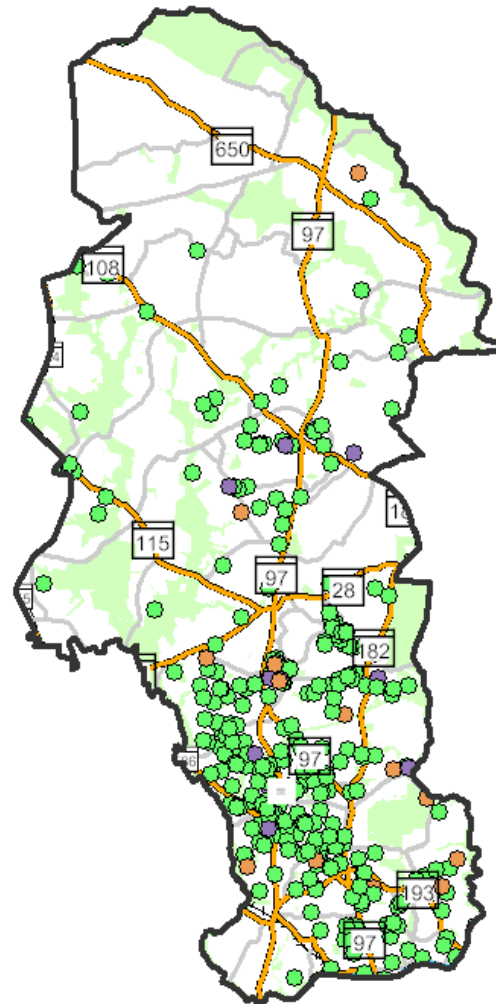
Current state of foreclosures by Regional Service Area

2nd Quarter 2008



Current state of foreclosures by Regional Service Area

2nd Quarter 2008



Mid-County Regional
Services Center

Legend

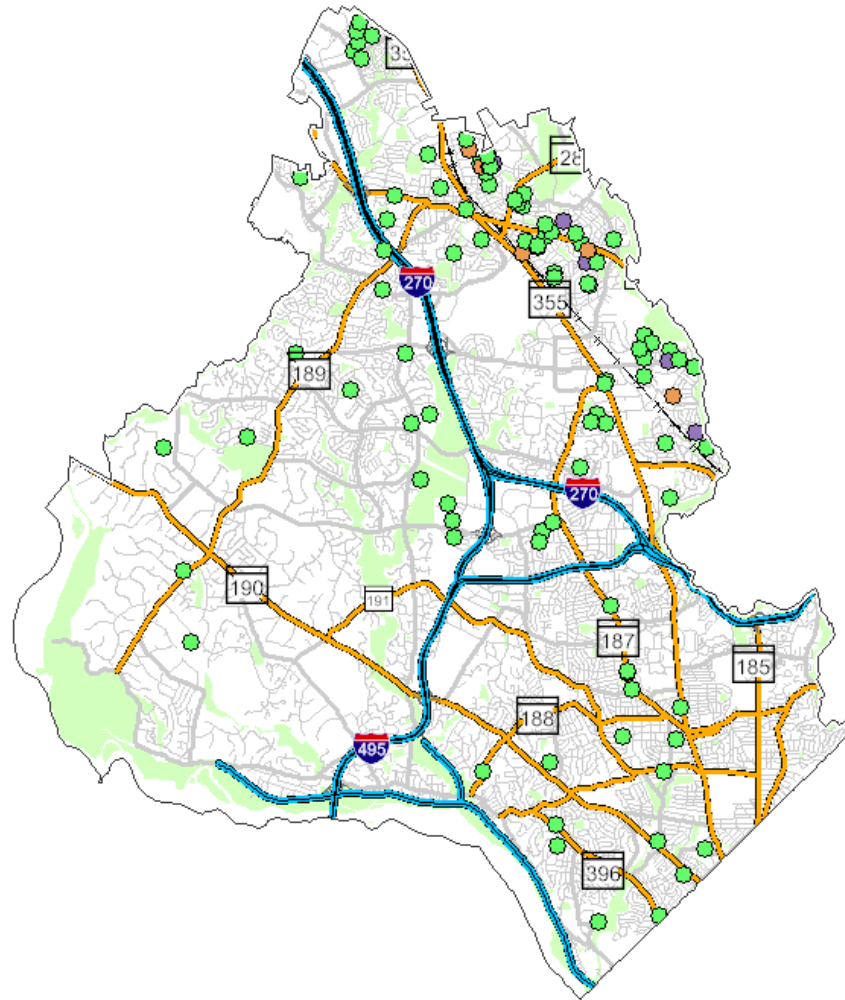
Foreclosure 2nd Quarter 2008
Foreclosure Events (316)

- Default (287)
- Auction (16)
- Real Estate Owned (13)
- Existing Parks



Current state of foreclosures by Regional Service Area

2nd Quarter 2008



Bethesda / Chevy Chase
Regional Services Center

Legend

**Foreclosure 2nd Quarter 2008
Foreclosure Events (110)**

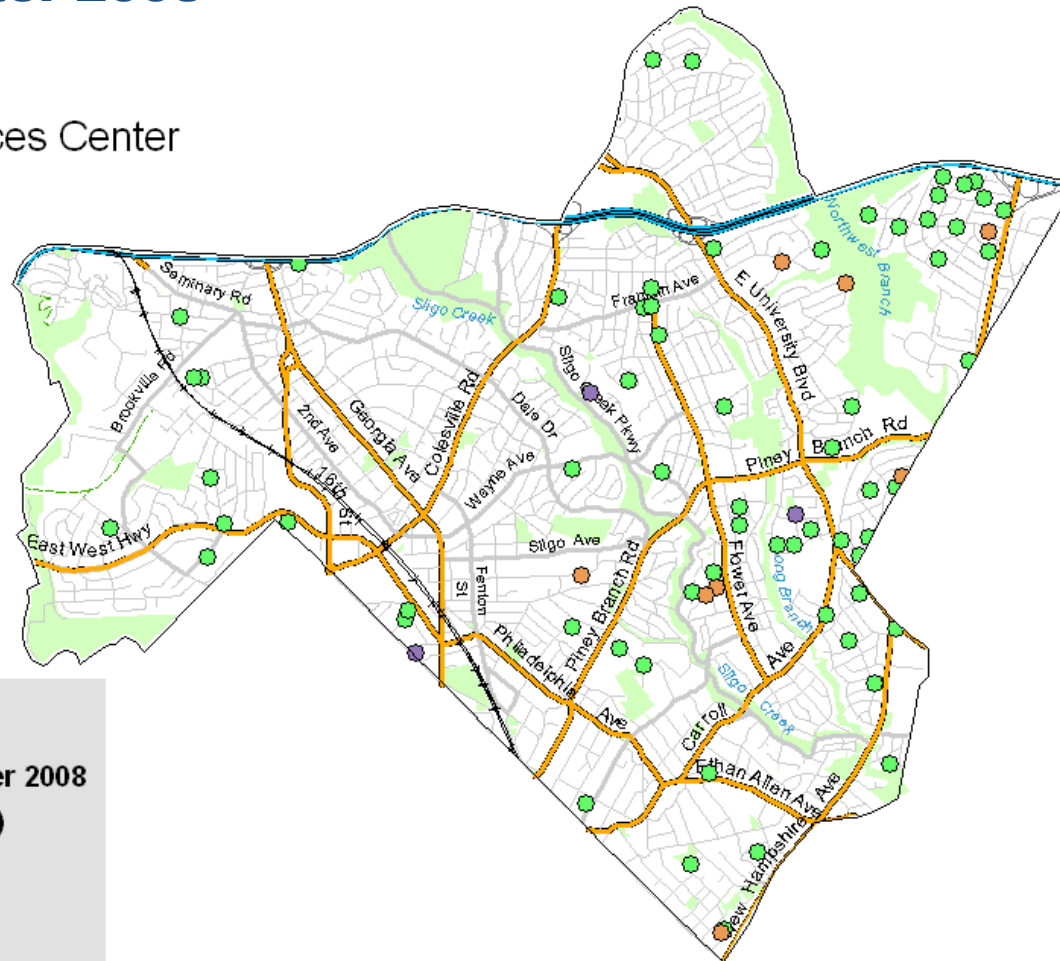
- Default (99)
- Auction (5)
- Real Estate Owned (6)
- Existing Parks



Current state of foreclosures by Regional Service Area

2nd Quarter 2008

Silver Spring
Regional Services Center



Legend

Foreclosure 2nd Quarter 2008
Foreclosure Events (77)

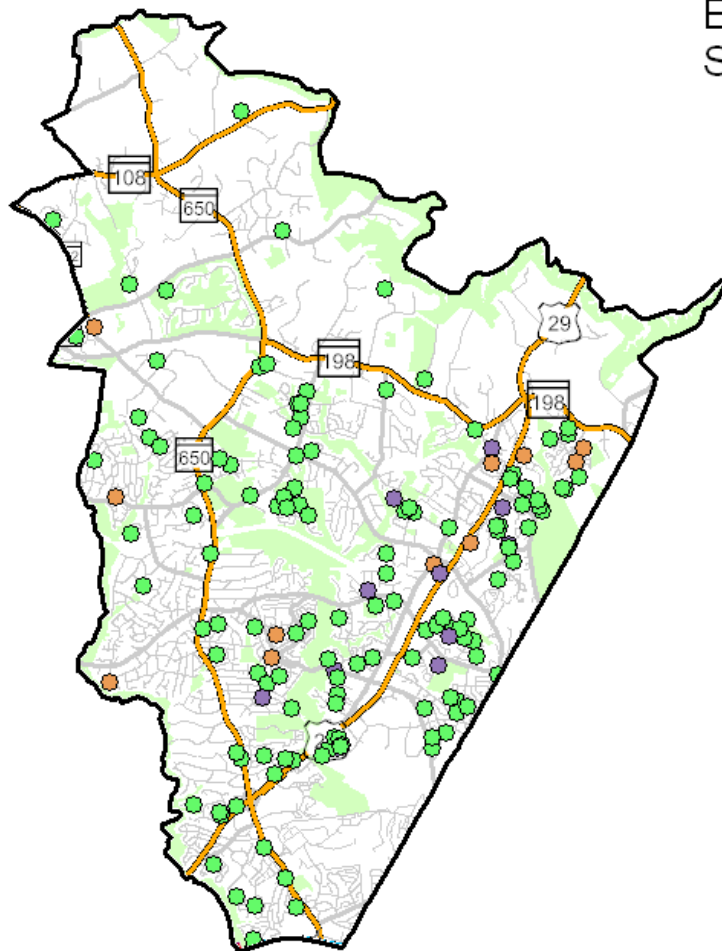
- Default (66)
- Auction (8)
- Real Estate Owned (3)
- Existing Parks



Current state of foreclosures by Regional Service Area

2nd Quarter 2008

Eastern Montgomery Regional
Services Center



Legend

Foreclosure 2nd Quarter 2008

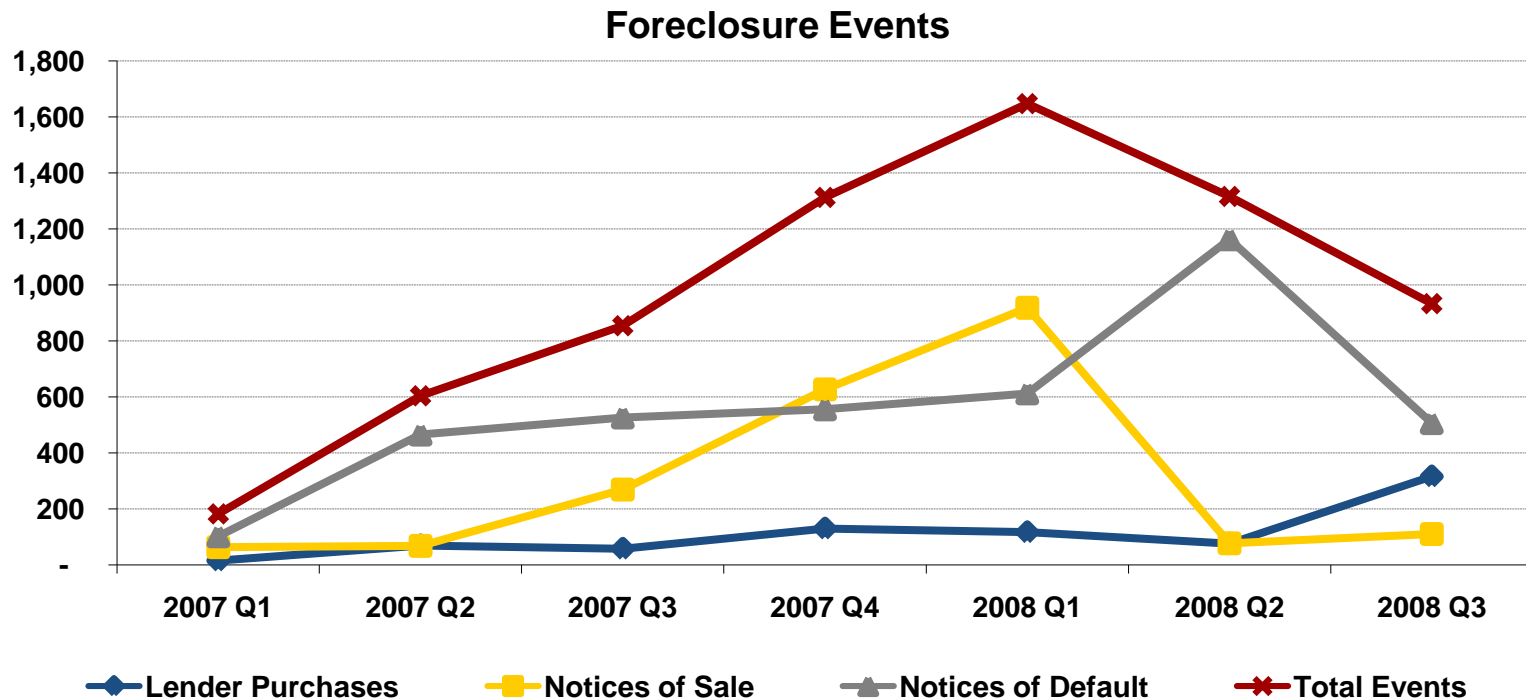
Foreclosure Events (149)

- Default (127)
- Auction (11)
- Real Estate Owned (11)
- Existing Parks



Current state of foreclosures in the County

Foreclosure events over time



Given the trend in foreclosure events through the 3rd quarter of 2008, what can the County expect in future trends and how will resources be used to provide the appropriate services to County residents?



Future outlook of foreclosures in the County

- Based on available data and knowledge of housing issues, it would appear the number of foreclosure events will continue at this level for the next twelve to fifteen months
- Due to increased outreach and counseling, it is anticipated the number of actual lender purchases should decline as homeowners take preventative steps prior to sale
- DHCA intends to utilize federal funding and some HIF funding to purchase vacant and foreclosed properties for rental and sale to lower income families
- Efforts will be made with banks with large portfolios of REOs to have them mitigate the impact on neighborhoods and to work with the County to reduce the length of time properties are in bank inventories



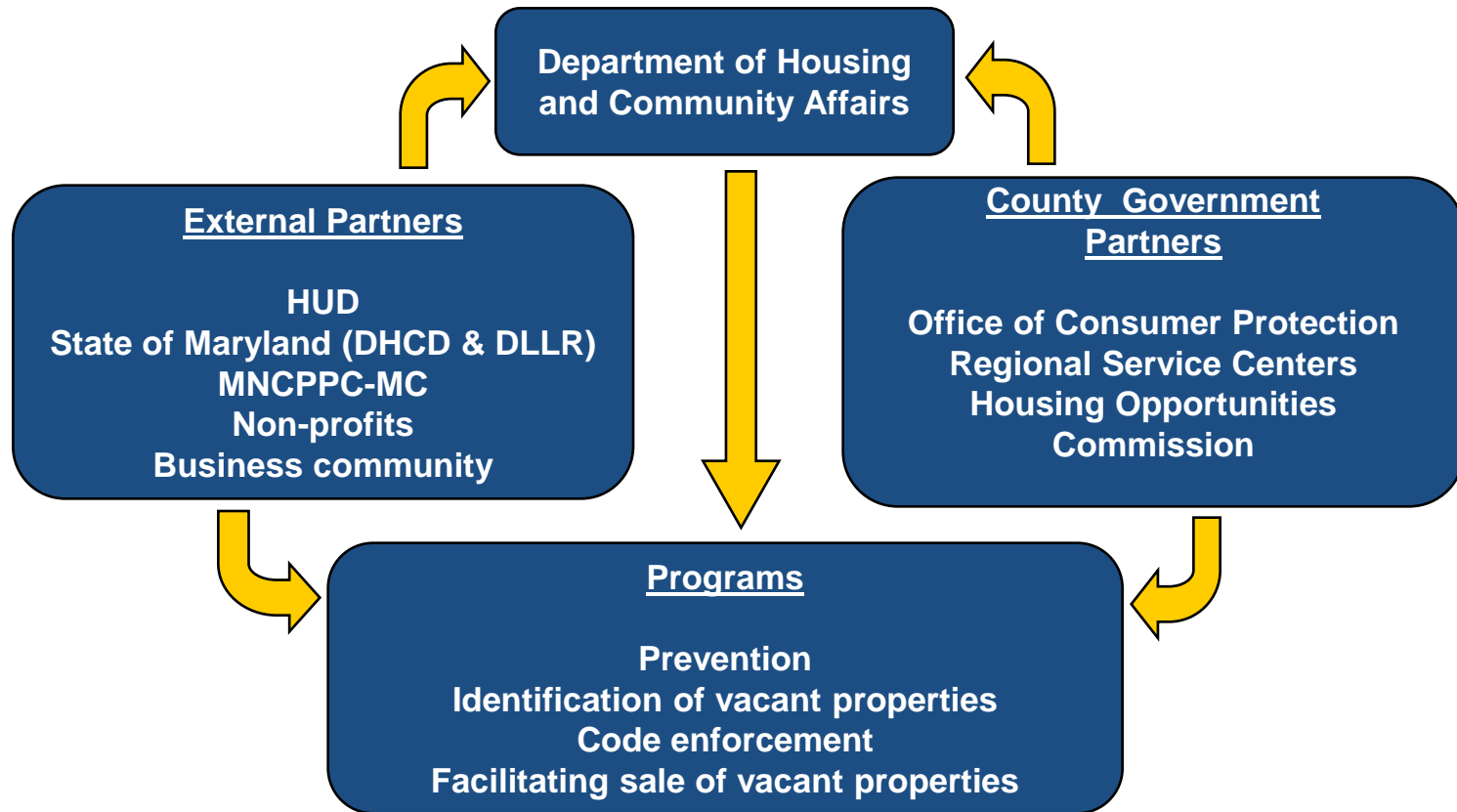
Source: DHCA

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- **Wrap-up and follow-up items**



Articulating an organizational approach



DHCA is the lead County department in foreclosure prevention and mitigation.



County Response to Foreclosures: Prevention Programs

Program	Owner	Desired Outcomes
Community Meetings	DHCA/ RSCs/ OCP	<ul style="list-style-type: none">•Increase awareness in the community that assistance is available•Identify types and sources of assistance•Provide one-on-one foreclosure counseling to affected families to lead to financial workout of their problems
Annual Montgomery County Housing Fair and Financial Fitness Day	DHCA	
Foreclosure Prevention Counseling	DHCA/ Non-profit partners, LEDC and HomeFree USA	
Maryland HOPE Hotline	State of Maryland	
Media outreach	DHCA	

How can the County determine if these outcomes are being achieved through prevention efforts?



County Response to Foreclosures: Prevention Programs

Program: Community meetings **Goal:** To educate residents and refer those in need to one-on-one prevention counseling

Date	# Attended	Partner	Location	Language
ON GOING	-	DHCA	Presentation available on DHCA Web Page	English
1/24/2008	70	Eastern County, Civil Justice	Eastern Montgomery Regional Service Center	English
4/5/2008	200	Office of Congressman Chris Van Hollen	Sligo Middle School, Wheaton	English
4/26/2008	60	City of Gaithersburg	St. Rose of Lima Church	English and Spanish
5/10/2008	8	City of Takoma Park	City of Takoma Park	Spanish
5/24/2008	25	City of Takoma Park, LEDC	City of Takoma Park	English and Spanish
6/21/2008	100	Upcounty Regional Services Center	Upcounty Regional Services Center	English and Spanish
8/23/2008	15	City of Takoma Park, HomeFree USA	Takoma Park Community Center	English and Spanish
9/27/2008	1000	Montgomery County Housing Fair Committee, Montgomery County Coalition for Financial Literacy	8 th Annual Montgomery County Housing Fair and Financial Fitness Day, Activity Center at Borer Park, Gaithersburg	English with Interpretation available in other languages
9/27/2008	70	Montgomery County Housing Fair Committee, Housing Community Initiatives	8 th Annual Montgomery County Housing Fair and Financial Fitness Day, Activity Center at Borer Park, Gaithersburg	English
10/22/2008	58	DHCA	Executive Office Building	English and Spanish



County Response to Foreclosures: Prevention Programs

Program: Annual Montgomery County Housing and Financial Fitness Fair

Goal: To educate County residents on housing and financial issues by

- Providing foreclosure prevention and credit counseling
- Providing information on how to buy a house, seek housing assistance, manage money, as well as home safety, utility assistance, and energy savings
- More than 1,000 residents were in attendance
- This event was changed this year to specifically address foreclosure prevention

Foreclosure and individual counseling was an add-on to this event because of current housing and economic conditions.

Sources: Memorandum from DHCA to County Council, September 15, 2008;

Montgomery County News Release, Dated 6/16/2008



County Response to Foreclosures Prevention Program Details

Program: Foreclosure prevention counseling

Goal: To provide advice and assistance to those facing foreclosure

- Non-profit providers, HomeFree-USA and LEDC provide foreclosure counseling to County residents
- To respond to the demand for counseling, DHCA is in talks with the State and non-profit providers to contract for more counselors for the County
- To further address the problem, DHCA is funding a counselor training session planned for late October

Clients Counseled by HomeFree-USA, Five locations with the most clients served

June 1-Sept 30,2008

City	# of Clients
Silver Spring	67
Gaithersburg	33
Germantown	28
Rockville	25
Montgomery Village	11

Source: DHCA/HomeFree-USA;

Memorandum from DHCA to County Council, September 15, 2008

Foreclosures

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County Response to Foreclosure Prevention Program Outcomes

- DHCA may be able to update the results of foreclosure prevention counseling in this manner on a regular basis
 - These outcomes can be used as a longer term measure of success of this service

Outcomes of Clients Counseled by HomeFree-USA, June 1-Sept 30,2008

Outcomes	# of Clients
Modifications	87
Short Sale Recommendations	7
Forbearance	4
Repayment Plan	3
Foreclosed	3
<i>No Outcome Reported</i>	92
Total	196

Of the 196 total families counseled by HomeFree-USA, 48 percent indicate “positive outcomes.”



Source: DHCA/HomeFree-USA

County Response to Foreclosures: Prevention Programs

Program: Maryland HOPE Hotline

Goal: To triage residents' foreclosure situation and then refer them to the appropriate services

- Maryland HOPE Hotline is run by the State and DHCA educates residents on the value of this tool and how to access it
- As of 9/15/08, the HOPE line has received 1,386 calls from Montgomery County residents
- *No additional information has been provided to DHCA with the State since 9/15/08*



Source: Memorandum from DHCA to County Council, September 15, 2008

County Response to Foreclosures: Prevention Programs

Program: Media outreach

Goal: To distribute foreclosure prevention information to County residents through a variety of media outlets

- DHCA has participated in 6 different TV shows, airing multiple times and in English and Spanish
- DHCA distributed literature at conferences and events, including the County Fair, Latino Health Festival, and Affordable Housing Conference
- DHCA conducted a mailing to over 600 faith-based organizations



Source: Memorandum from DHCA to County Council, September 15, 2008

County Response to Foreclosures: Prevention Programs

Best Practices From Other Jurisdictions

- **Fairfax County, Virginia: “Silver Lining Initiative”**
 - Assists first time home-buyers to buy foreclosed properties
 - Provides deferred loan for home repairs if needed
- **Massachusetts: “Transition Resources”**
 - Participating lenders provide moving expenses and first and last month’s rent to sub-prime loan holders who have lost their homes to foreclosure provided they work with a housing counselor, vacate the property in 30 days, and leave it in good condition
- **District of Columbia**
 - Allows tenants to stay in homes and pay rent to the lender until the home is sold
 - New homeowners are required to go through the eviction process if they want the tenant to leave
- **Westchester County, New York**
 - This jurisdiction is exploring using a land trust to reduce the cost of the foreclosed property to a non-profit or individual who would eventually own the home

These best practices represent a sample of what other jurisdictions are doing in response to the foreclosure crisis.



Source: Roger Glendenning, Council Advisor, September 18, 2008

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Impact of foreclosures on local communities

Regional Service Centers' Report

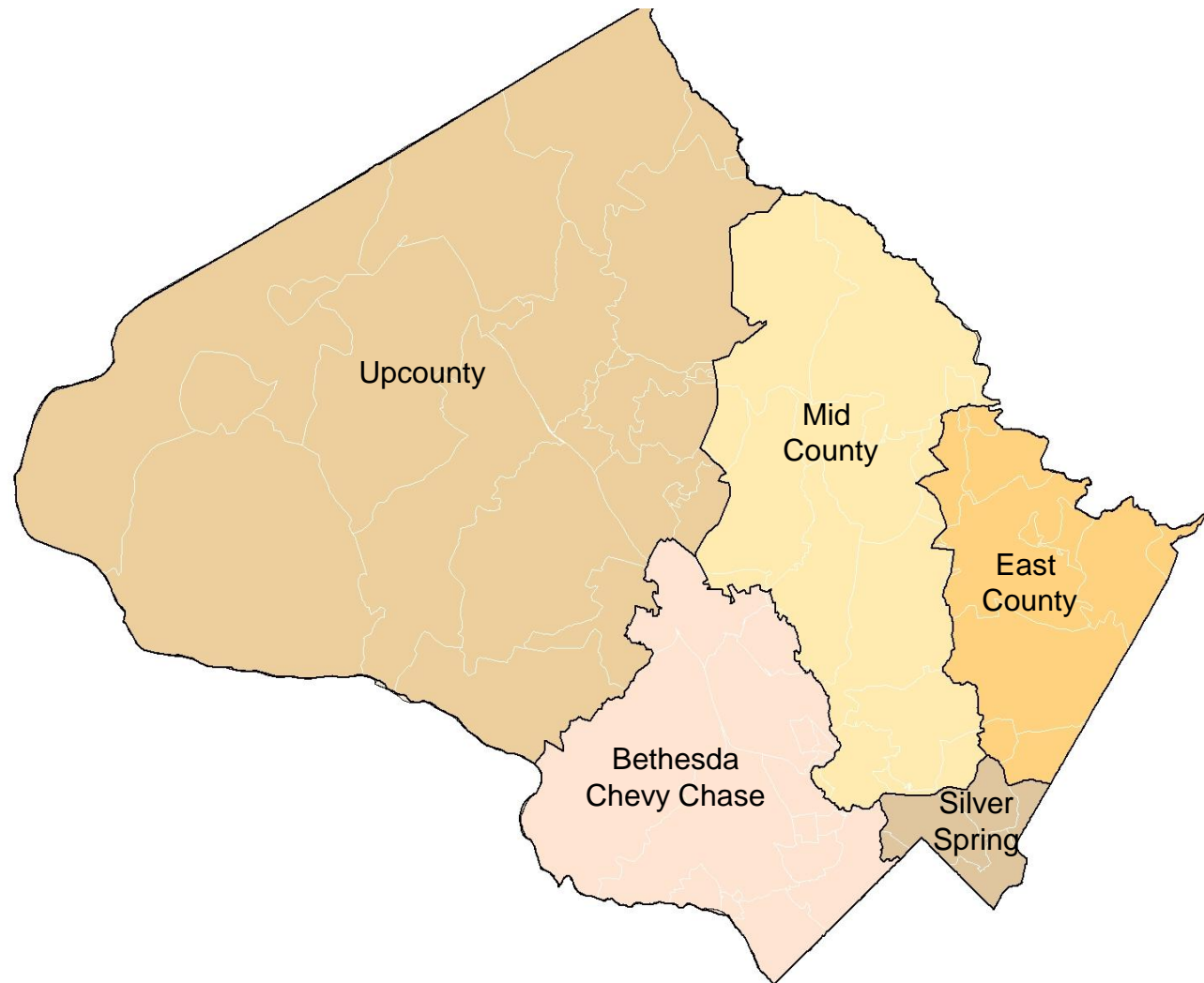
Regional Service Center staff are closely linked to the communities they represent. Their expertise is particularly relevant in this situation given the geographic nature of the foreclosure issue.

- To include the perspectives of the Regional Service Centers in the foreclosures conversation, CountyStat requested information on community impacts
- As of 10/23/08: Mid County, Upcounty, and East County submitted information for this meeting



Impact of foreclosures on local communities

Regional Service Centers



Impact of foreclosures on local communities

Regional Service Centers' Report: Upcounty

- **In addition to maintaining housing stability, addressing foreclosures is important to mitigate negative community impacts**
 - Perception of crime activity
 - Unhealthy environment with overgrown weeds
 - Decaying structures
 - Unstable range of home values

- **In Upcounty, foreclosures are most severely impacting these communities**
 - Gaithersburg
 - Montgomery Village
 - Germantown



Impact of foreclosures on local communities

Regional Service Centers' Report: Mid County

- **In addition to maintaining housing stability, addressing foreclosures is important to mitigate negative community impacts**
 - Civic Associations are skeptical of the County's commitment to mitigating the effects of foreclosures in their neighborhoods. The County needs to do more to get the word out about what has been/is being done
 - Mid County RSC has publicized via meetings, newsletter, foreclosure seminar, and briefings to the Citizen Advisory Board (CAB)
 - Residents are concerned about property values, crime, rodents, trash, weeds, drug deals, and/or homeless persons using the properties
- **In Mid County foreclosures are most severely impacting these communities**
 - Aspen Hill (20906) is the hardest-hit part of the Mid-County service area. Wheaton (20902) is also quite hard hit
 - Although actual numbers are relatively low, Olney, Kensington and Derwood have seen a foreclosure increase of 140%-216% in the last year



Impact of foreclosures on local communities

Regional Service Centers' Report: East County

- **In addition to maintaining housing stability, addressing foreclosures is important to mitigate negative community impacts**
 - Decreased property values
 - Vandalism
 - Aesthetic Deterioration
 - Negative impact on community pride
 - Negative impact on community cohesiveness
 - Decline in population growth.

- **In East County, foreclosures are most severely impacting these communities**
 - Tamarack, Fairland Road Area, Old Columbia Pike at Tech Road, Cherry Hill Road, Greencastle and Robey and Lockwood
 - The mix is single family and town homes



Impact of foreclosures on local communities

Regional Service Centers' Report: Silver Spring

- In addition to maintaining housing stability, addressing foreclosures is important to mitigate negative community impacts
 - Data not received
- In Silver Spring, foreclosures are most severely impacting these communities
 - Data not received



Impact of foreclosures on local communities

Regional Service Centers' Report: Bethesda/Chevy Chase

- In addition to maintaining housing stability, addressing foreclosures is important to mitigate negative community impacts
 - Data not received
- In Bethesda/Chevy Chase, foreclosures are most severely impacting these communities
 - Data not received



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County Response to Foreclosures: Vacant Property Identification

Program: Notification from residents on vacant properties

Goal: To make DHCA aware of vacant properties in the County in order to target code enforcement

- Once the property is identified, code inspectors are then dispatched to each property to inspect the security and maintenance of the property

- DHCA will set up a system to notify Regional Service Centers of vacancies within the service area so the Centers can 'add value' to the process
 - Example: Working with the local community association
 - RSCs, in turn, will give DHCA any information they receive on vacancies through their own sources

The desired outcome of vacant property identification is to alert DHCA to where potential vacant properties are in the County in order to mitigate negative impacts.

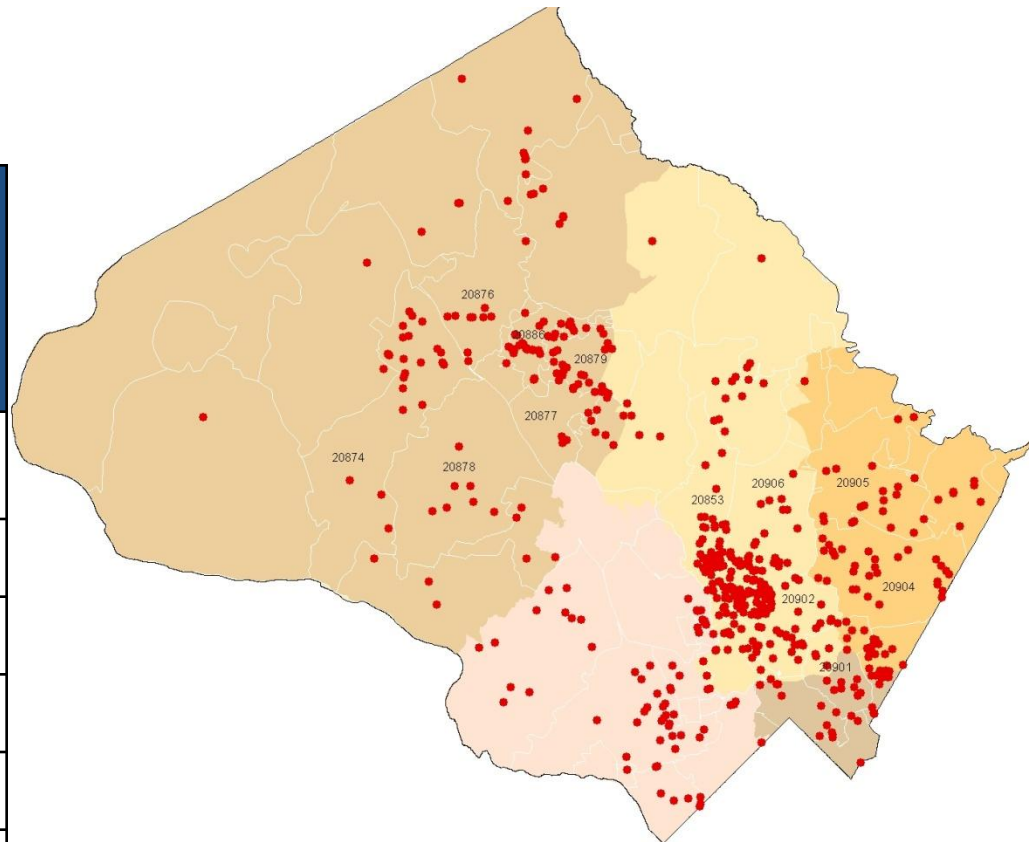


Source: Memorandum from DHCA to County Council, September 15, 2008

County Response to Foreclosures: Vacant Property Identification

- Reports clustered in Rockville, Wheaton, Aspen Hill and Montgomery Village

Regional Service Area	Number of Lender Purchases & Notices of Sale (A)	Number of Reported Vacancies (B)	Ratio of (A) to (B)
Bethesda/Chevy Chase	229	67	.29
East County	306	79	.26
Mid County	575	255	.44
Silver Spring	137	44	.32
Up County	1,226	158	.13
Total	2,473	603	.24



Mid County experienced the highest ratio of reported vacancies to lender purchases. For every .44 reported vacancies, there is one lender purchase and/or notice of sale.



Source: DHCA, Data sent on 10/16/2008

County Response to Foreclosures: Code Enforcement

Program: Vacant property inspection

Goal: To address the community impacts of vacant properties and related code violations

Code inspectors role is to

- Ensure that each property is secure and that the grounds are not littered with solid waste or overgrown vegetation
- Issue notices of violation, where appropriate
- Where there is no compliance, contractors are employed to do emergency board-ups and/or cut grass. Properties are then liened for the cost of the work

Vacant property inspection is intended to combat the negative impact of vacant and neglected properties on neighborhoods.



Source: Memorandum from DHCA to County Council, September 15, 2008

County Response to Foreclosures: Code Enforcement

Number of inspections		603
With a violation	Grass and weed	360
	Solid waste	195
	Vacancies open to casual entry	13
	Vacancies with unauthorized occupants	2
With no violation		80

Violations resulting in voluntary compliance	488
Clean and Liens	69
Emergency board-ups	9

- Of the inspections done, as of 10/16/08, 82 percent had some kind of code violation
- 93 percent were voluntarily addressed
- All of the reported vacancies have been addressed as of 10/16/08 (Note: 603 of the total 622 reported vacancies could be geocoded, which represents 97% of the universe.)



Source: Memorandum from DHCA to County Council, September 15, 2008

Foreclosures

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County Response to Foreclosures: Sale of Vacant Properties

Having set the course for prevention strategies, DHCA is moving its focus to other efforts

- Property acquisition
- Linking purchasers with vacant and foreclosed properties
 - DHCA has started work with non-profit partners (i.e. Habitat for Humanity)

DHCA is looking ahead towards opportunities to revitalize neighborhoods through property acquisition and sale facilitation.



Source: Memorandum from DHCA to County Council, September 15, 2008

Wrap up

- Follow up items
- Timeframe for next meeting



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